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Leasing cos seek BB help to cool call money market

MABDUR RAHIM
As call money market continues galloping forcing leasing companies to borrow funds at abnormally high interest rate, the lessors have sent SOS signal asking the central bank to regulate the quick money market.
Leasing companies, which mainly depend on the banking system for funds, say their one month's profit has already been washed away due to the bullish run of call money market.
And if the volatility in call money market persists for a few more weeks, nation's long-term investment prospect will sustain a heavy blow, sources in Bangladesh Leasing and Finance Companies Association apprehended as leasing firms are the major providers of long term loans.

Starting its abnormal ride that hit as high as 60 percent just before Eid-ul-Azha, the call money rate maintained the upward trend even after the Eid. Inter-bank call money rate averaged at 45 percent but the rate was above 50 percent for leasing companies in the last few days.
Industry sources say entrepreneurs making long-term investment may pay the ultimate price for the volatile market if lessors source fund from call money market at the prevailing exorbitant rate.
Nation's 28 leasing firms inject about Tk 4,000 crore a year to the economy as long-term investment contributing significantly to infrastructure development and employment generation.
The leasing companies currently have Tk 5,000 crore worth outstanding deals. Introduced to prop up

long term investment, the companies so far have invested about Tk 15,000 crore since inception.
"Usually we get credit line from banking system at 11 percent interest but now we need to pay over 50 percent interest to get fund as call money market is going through an abnormal phase," a top executive of a leading leasing company told The Daily Star yesterday.
He dismissed liquidity crunch in banks as the reason for high call money rate. "We all know about Tk 9,000 crore excess liquidity is lying idle in banking system. So, a profit-mongering quarter in banking system is creating an artificial liquidity crisis to rake in money out of a volatile call money market," the executive said preferring not to be named.
As lessors smell foul play in the

sudden abnormal rise in call money rate, they want Bangladesh Bank to take emergency measures to tackle the situation. Leasing industry has already asked the central bank to maintain a liberal policy on repurchase agreement (Repo) and also constantly monitor the call money market to curb manipulation.
The central bank went strict on supplying funds in the banking sector through the Repo from last week of December. BB argued that some banks exploit the Repo facility to make quick money from call money market.
The call money rate normally ranges between 4 and 5 percent but following BB's strictness on Repo, it has been showing a rising trend since December last year.

Agro plant to be set up in Mongla EPZ

BSS, Dhaka
A Bangladeshi company will set up an agro-based industry in the Mongla Export Processing Zone.
The Bangladeshi owned company, Sonu Processing Unit, will invest US\$ 1.140 million to produce 9,600 tonnes of area nut annually, said a press release of Bangladesh Export Processing Zones Authority (BEPZA).
An agreement to this effect was signed between BEPZA and the company in Dhaka yesterday.
Md. Shahjahan, member (Investment Promotion) of BEPZA, Zahirul Hasan, managing Partner of Sonu Processing, signed the lease agreement on behalf of their organisations.
Executive Chairman of BEPZA Md. Zakir Hossain, General Manager (Investment Promotion) AZM Azfarur Rahman and members of BEPZA were present at the signing ceremony.

Wintel to launch first mobile payphone service by Feb

MUSTAK HOSSAIN
Wintel Limited plans to launch first-ever mobile payphone service by next month to help subscribers make calls without using a land or mobile phone connection.
"We will sign a memorandum of understanding with Telecom Malaysia International Bangladesh, the service provider of AKTEL mobile phone, to launch mobile payphone," Faisal Alam, managing director of Wintel Ltd, told The Daily Star.
Faisal said his company will launch the service at an investment of around Tk 7 crore. Mobile payphone is a state-of-the-art 'chip card line-powered' payphone, which is designed for outdoor use.
Under the payphone system, Wintel will install 25 phone booths in different key locations of the country.
All a person will need is to buy a chip card where credits will be given based on the value of the card.
The wireless payphone will enable connection with the cellular network and through a payphone Network Management System, operation of thousands of payphones in remote places will be monitored.
Persons buying a chip card from card reseller will be able to make mobile or fixed-line phone calls.
Bangladesh Telecommunication Regulatory Commission has already given permission to install wireless payphone booths.

He said due to lack of interconnectivity between fixed line phones and increased number of mobile phones, which accounts for more than 3.5 million, the company plans to launch the service.
Wintel, the country's pioneering mobile content provider, will launch the service all over the country using AKTEL network. "We hope to launch the service with other mobile phone companies in phases," he added.
The charges for every minute call would be flat at Tk 4 only, Faisal said.
Calls including Nation Wide Dialing (NWD) and International Subscribers Dialing (ISD) can be made through this payphone service where BTB rates will be applicable.

Cash crunch keeps hide price low

RAFIQUE SARKER, Rangpur
Price of hides in different markets of Rangpur and adjoining districts during the post Eid period is low, but the businessmen are facing trouble to procure hides due to shortage of cash.
Some tannery owners of Hazaribag, Dhaka allegedly did not pay the outstanding dues of about Tk 18 crore to 130 hide businessmen of Rangpur last year and they faced trouble to buy the large volume of hides of sacrificial animals after Eid-ul-Azha.
The tannery owners assured the hide businessmen over the payment of the outstanding dues by January 20, 2005 but they did not comply with their promise, said Abdul Latif Khan, president of Rangpur Chama Babsaee Samiti.
Many of the hide businessmen believe that the price of hides in the region would have been a great deal higher if everybody came up with sufficient cash in the market.
As major number of hide busi-

nessmen stayed off the market due to cash crisis, gap between supply and demand widened resulting in low price, they explained.
There are about 1000 hide businessmen in Rangpur, Nilphamari, Gibandha, Kurigram and Lalmonirhat districts. In Rangpur alone there are about 450 hide businessmen of whom 150 are whole-sellers. They used to procure animal hides from different markets in five districts and supply them to 10 tanneries at Hazaribag in Dhaka.
Azgor Ali, secretary of Rangpur Chama Babsaee Samiti told The Daily Star that most of the hide whole-sellers could not realise their outstanding dues before Eid. They are purchasing hides in a small scale, he added.
Every year some Indian hide traders engage some local agents to procure hides of sacrificial animals to smuggle them into India during the post Eid period. A huge volume of animal hides were smuggled into India in the previous years.

Azgor Ali said, "For the first time BDR and other law enforcing agencies are keeping strong vigilance along the bordering areas to protect hide smuggling into India this year."
As a result the price of hides has come down, he added.
Many of the traders differed with Azgor's statement saying that a huge quantity of goat hides were smuggled into India, even though law enforcing agencies kept a strong watch in the bordering areas.
Mostaque Hossen, a hide trader of Kurigram said, goat hides are in high demand in India and smuggling of goat hides is still unabated.
Many of the hide traders in these districts refrained themselves from procuring hide this season. They apprehended that they might incur loss in their businesses.
Altaf Mollah, a hide trader of Lalmonirhat, told this correspondent that tannery owners at Hazaribag in Dhaka made a syndicate and fixed up rate of hides

which was about half than that of the earlier years.
Tannery rate of cowhide is Tk 45 per sft against Tk 70 last year, though the rate of goat hide has remained unchanged.
Price of salt, which is very essential for hide preservation, has also gone up. A bag (70 kg) of salt costs Tk 650 against Tk 400 last year.
Apprehending a dull market this year, many of the hide traders refrained themselves from procuring hides this season.
According to the information of different markets, traders procured about 50,000 pieces of cowhides and one lakh pieces of goat hides in Rangpur this season against about 1 lakh pieces of cowhides and 2 lakh pieces of goat hides last year. The volume hide procurement in the adjoining districts is almost the same.
All commercial banks of the region stopped giving loan facilities this year, which is pointed out by many as one of the vital reasons of the low price of hides.

Al Kabir goods festival begins at Agora outlets

ANWAR ALI, Rajshahi
A month-long shopping festival, jointly organised by Rahimafrooz superstores Ltd and M/S Tie Associates, the marketing company of Al Kabir goods in Bangladesh, is running at Agora's Dhanmondi and Gulshan outlets.
Managing Director of Rahimafrooz Superstores Ltd Niaz Rahim inaugurated the promotion titled 'Agora-Al Kabir Festival' at Agora's Dhanmondi outlet recently, says a press release.
Among other senior officials from both the companies AZM Golam Nabi, managing director of M/S Tie Associates, also attended the function.
The promotion, which will continue until February 12 offers various goods at special prices and a wide range of gift vouchers for the customers, the release added.

Salt price hits hide trade in Rajshahi

Rajshahi division located near Natore railway station, each square feet of cattle hide was sold at as low as Tk 40 until Monday instead of Tk 65 the traders fixed earlier.
"I bought 15 cattle hides between Tk 1000 and Tk 1350 going door to door on the Eid-day, but I could hardly sell them above Tk 1100 on average," said Zakirul Islam, a seasonal trader in Natore. However, goat hides were sold at Tk 300 and buffalo hides at Tk 800 in Natore market.
Talking to The Daily Star, Natore Hide Traders Association General Secretary Akramul Hasan Aka said the hide business depends on the prices offered by the tannery owners.
"The tannery owners are likely to start offering prices on coming Friday when almost 60 percent of the seasonal hides will have reached the market," Aka added.
He said the influx of hides is quite good this year as 30 percent of the approximated one lakh hides, usually traded in this season, has already arrived in the market.

New DMD of Sonali Bank

Md Amanullah has taken over as the deputy managing director of Sonali Bank on the 1st January, 2005.
Prior to this appointment, he was general manager of the same bank, says a press release.
Having his MBA degree from the Institute of Business Administration of Dhaka University, Amanullah started his banking career in 1973 in Rupali Bank as a probationary officer, the release added.

India to sell BHEL, Maruti stakes next FY

REUTERS, New Delhi
The Indian government plans to sell stakes in engineering firm Bharat Heavy Electricals Ltd (BHEL) and car maker Maruti Udyog Ltd in the next financial year, instead of this year as previously planned.
Analysts say the latest move signalled the government's eagerness to send a positive signal to financial markets after the communists who provide crucial support to the coalition forced it to scrap the privatisation strategy.
Communist parties oppose the privatisation of state-run firms as they fear massive job losses and have been consistently urging the government to soft-pedal on stake sales in state firms.
Finance Minister Palaniappan Chidambaram told reporters the cabinet would consider the BHEL and Maruti stake sales on Thursday.
"We hope to get a better price next year since BHEL is expected to have a better profit," Heavy Industries Minister Santosh Mohan Dev told reporters on Thursday, adding that options for the BHEL stake included a public sale of shares.

US lawmaker backs probe of IBM unit sale to China

REUTERS, Washington
China could take over the global market for personal computers if the Bush administration approves IBM's plan to sell its PC division to China's biggest PC maker, Lenovo Group Ltd, a US lawmaker said on Tuesday.
"The Chinese government runs a non-market economy which does not play by the rules of fair trade," House Small Business Committee Chairman Don Manzullo said in a statement calling for an extended 45-day investigation into the matter.
"This sale could lead to the Chinese government unfairly taking over the global market for personal computers," the Illinois Republican said. US anti-trust officials have already given their approval to the \$1.25 billion sale.
But the US Committee on Foreign Investment in the US (CFIUS), an administration panel of security and economic agencies headed by the Treasury Department, must also sign off on the deal.
CFIUS is charged with examining national security aspects of US corporate asset sales to foreign buyers. It is expected to decide by the end of January whether to extend a 30-day review of the IBM sale for an additional 45 days.

Saimon Overseas to provide travel agency services to US embassy

Saimon Overseas Ltd has been awarded contract to provide travel management services to US Embassy, USAID, US Defence Attaché and other US organisations in Bangladesh.
MA Muhaimein Saleh, managing director of Saimon Overseas and president of Association of Travel Agents of Bangladesh, and Vincent Romero, contracting officer and attaché of GSO of US Embassy, Dhaka, signed an agreement to this effect on behalf of their organisations recently, says a press release.
Under the deal, Saimon Overseas will render travel management services to the US organisations for the next five years. The travel agency has been providing services to US Embassy since 2002. It also works as official travel agent for ADB, JOBS and IIFC.



Managing Director of Bata Bangladesh GL Zanacco attends the first customer after inaugurating a new City Store at Molly Capita Centre at Gulshan in Dhaka recently. M Saidduzzaman, CFO & company secretary, MA Quader, retail marketing manager, and other senior officials of the company are seen in the picture.

Bata opens City Store at Gulshan

Bata Shoe Company (Bangladesh) Ltd has recently opened a new outlet 'City Store' at Molly Capita Centre at Gulshan in Dhaka.
Managing Director of Bata Bangladesh GL Zanacco inaugurated the store, says a press release.
M Saidduzzaman, CFO & company secretary, MA Quader, retail marketing manager, and other senior officials of the company were also present on the occasion.

Critics slate 4 top multinationals at WEF meet

AFP, Davos, Switzerland
Critics of globalisation on Wednesday rounded on the "irresponsible" conduct of four top companies including the oil giant Shell and Dow Chemicals, on the sidelines of the World Economic Forum in Switzerland.
As the meeting of global political and economic leaders got underway in the Alpine resort of Davos, pressure groups meeting nearby gave their "Public Eye Awards" to the two multinationals, as well as to the US retail chain Wal-Mart and audit firm KPMG International.
"They are model cases for all the corporate groups that have excelled in socially and environmentally irresponsible behaviour. They reveal the negative impacts of economic globalisation," the organisers of the Public Eye on Davos said in a statement.
While business leaders were set to tackle issues of corporate responsibility, pledging greater efforts on climate change or poverty at the forum, environmental, human rights and left-wing groups were selecting their worst corporate performers from a list of 20 multinational companies.
The groups in the Public Eye accused the Dow Chemical Company of failing to assume accountability in the aftermath of the chemical spill at one of its factories in Bhopal, India, in 1984.
Thousands of people were killed when 40 tonnes of lethal gas leaked from a pesticide plant in one of the world's worst environmental disasters, and thousands more suffered chronic illness.

China's robust growth to underpin global commodity prices

AFP, London
China's thirst for raw materials will continue to support its booming economy and underpin global commodity prices, according to analysts.
China's economy expanded 9.5 percent last year from 9.3 percent in 2003, official data showed Tuesday, in an indication that Beijing's tightening measures have proved to be insufficient.
"There are signs that the commodity bull run has reached its peak, although strong growth in China will underpin demand going forward, giving an extended cycle," Standard Chartered analyst Helen Henton said.
"While prices are expected to ease back, they are likely to remain high and above long-term averages, underpinned by a secular (long-term) increase in demand from China. This will be evident in prices for base metals and energy," she added in a research note to clients.
Analysts noted that commodity prices have risen sharply since three years ago, largely due to China's burgeoning demand.
The Commodities Research Bureau's index of 17 commodities has surged by 50 percent since the start of 2002. It stood at 285.38 points on Tuesday.
In a bid to restrain runaway growth, Beijing has imposed a series of lending curbs on overheated sectors of the economy such as construction, steel and autos.
Analyst pointed out that the latest growth data proved China had not done enough, however, to tackle the runaway economy.
"There has not really been a Chinese slowdown," said Philippe Chalmin, an analyst for the international think tank Cyclope, known for publishing the United Nations Commodity Yearbook.
Chinese demand for base metals meant that aluminium and nickel prices had the potential to rise still further, although steel, copper, lead and zinc had likely reached their peak, he added.

Four trade diplomats vie for top WTO job

AFP, Geneva
A race to become the next director general of the World Trade Organisation began in earnest on Wednesday as four eager candidates pitched their cases before the body's 148 member states.
The men hoping to succeed outgoing WTO chief Supachai Panitchpakdi of Thailand are: Luiz Felipe de Seixas Correa of Brazil, Pascal Lamy of France, Jayen Cuttaree of Mauritius and Carlos Perez del Castillo of Uruguay.
Each had 75 minutes to present his proposals for how he would operate as director general and respond to questions at a meeting of WTO ambassadors here.
"I feel good after today's meeting I think I was able to deliver a mes-

Thomson transfers TV tube production to India's Videocon

AFP, Paris
French electronics group Thomson, which has been divesting its consumer goods businesses, is transferring production of cathode ray tubes for television sets to Indian firm Videocon, the French company said Wednesday.
The move was part of a joint venture deal with the Indian consumer electronics and appliances group, under which the Thomson's TV tube production would be transferred from Anagni central Italy to India.
As part of the agreement, the Indian firm would redevelop the Italian plant to manufacture alternative products.
"In October 2004, Thomson said it was looking for partners for its electronic displays business as it pushes ahead with plans to pull out of the consumer goods market.

Weak dollar no solution for imbalances: UN

AFP, United Nations
A sharp fall in the US dollar will not reverse global financial imbalances or the deepening US trade deficit, the UN said Tuesday in a report on the international economy.
Despite the strong international economic recovery in 2004, continuing trade and capital imbalances remain a threat to economic stability, according to the annual report on the world economy of the UN Department of Economic and Social Affairs and the UN Conference on Trade and Development.
"The possibility of an abrupt and globally damaging correction persists, since a depreciation of the dollar alone seems unlikely to be sufficient to reduce the global imbalances to sustainable levels in an orderly fashion," the report said.
Economic growth around the world averaged four percent in 2004, recovering strongly from 2003, when growth was only 2.8 percent the UN said. Developing countries on average grew 6.2 percent, their

fastest rate in two decades.
Growth slowed only in two regions, South Asia and the former Soviet republics, where the economies expanded at a rate of six percent and seven percent, respectively.
While the United States remained a leader among developed countries, Western Europe replaced Japan as the main drag on the global economy, according to the report. The United States expanded 4.2 percent, compared to the European Union's 2.3 percent. Japan meanwhile enjoyed a 3.6 percent growth rate.
The World Economic Situation and Prospects report called the United States and China the key drivers of the global economy in 2004.
US imports stimulated manufacturing activity around the globe, while strong Chinese demand drove up raw material prices, benefiting exporters in Africa and Latin America.
For 2005, the UN forecast slower average growth of 3.25 percent for

the world economy, with the United States decelerating to three percent and Europe remaining sluggish at 2.25 percent.
However, the UN warned that stability remains threatened by key financial imbalances, especially the US trade deficit. It added that the fall in the dollar would do little to overcome the problem.
"The decline of the dollar is failing to bring about a correction because the United States is in the unique position of holding its debt in its own currency, which is the main currency of global exchange," the report said that a correction in the US fiscal and trade deficits is necessary and likely unavoidable.
However, it suggested, the negative effects of this on the world economy could be ameliorated by increased domestic investment in countries enjoying large surpluses. Reconstruction of the tsunami-battered areas around the Indian Ocean would provide another significant stimulus to global growth, it added.